

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| NOTICE OF PURCHASED GAS |) | |
| ADJUSTMENT FILING OF DEMA GAS |) | CASE NO. 89-100-H |
| COMPANY, INC. |) | |

O R D E R

On July 7, 1989, the Commission issued its Order in Case No. 89-100 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On July 23, 1991, Dema Gas Company, Inc. ("Dema") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Brushy Gap Coal and Gas, Inc. ("Brushy Gap"), effective July 1, 1991. Dema submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Dema's notice of July 23, 1991 set out certain revisions in rates which Dema proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$1,577 or 39.89 cents per Mcf.

2. Kentucky West Virginia Gas Company ("Ky. West") filed with the Federal Energy Regulatory Commission to decrease its rates effective July 1, 1991. The rates charged by Brushy Gap to Dema track the rates of Ky. West.

3. The adjustment in Dema's rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 89-100 dated July 7, 1989 is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after the July 1, 1991.

4. Dema should file with this Commission the amount of any overcollections received from July 1, 1991 to the date the approved rates are implemented, along with a refund plan.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are hereby authorized effective with gas supplied on and after July 1, 1991.

2. Within 30 days of the date of this Order, Dema shall file with this Commission its revised tariffs setting out the rates authorized herein.

3. Within 30 days of the date of this Order, Dema shall file the amount of any excess revenues collected, along with a refund plan.

Done at Frankfort, Kentucky, this 14th day of August, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-100-H DATED 8/14/91

The following rates and charges are prescribed for the customers served by Dema Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATE:

| | |
|--------------|----------|
| First 1 Mcf | \$4.3757 |
| Over 1 Mcf | 3.8257 |
| Minimum Bill | 4.38 |

The base rate for the future application of the purchased gas adjustment clause of Dema Gas Company, Inc. shall be:

| | |
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| | <u>Commodity</u> |
| Brushy Gap Coal and Gas, Inc. | \$1.8237 per Dth |